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Acting Chief, Economic Research Area, ORR

5 August 1959

Chief, Industrial Division, ORR

Monthly Report, July 1959

I. Relations with and Support to Other Components:

A. CIA

1. Discussions between I/PE and the USSR Branch, FBI, have resulted in FBI's agreeing to supply advance copies to I/PE of the more important items that go into the FBI monthly summaries. This should ensure that I/PE receive the information from one to two months in advance of the published summaries.

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2. Deputy Chief, D/I attended the first meeting of the Advisory Committee on [REDACTED]

3. Portions of a briefing paper for the DCI on USSR guided missiles, aircraft, submarines and military expenditures were reviewed, updated and revised by the pertinent branches.

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4. During July, conclusive evidence was received of the existence of a surface-to-air guided missile site in East Germany. In addition to his support to PIC and OCI in connection with this information, [REDACTED] (I/GM) is preparing a briefing on the subject for presentation on 5 August at the CIA Guided Missiles Forum sponsored by OSI. Since it is likely that the missile system observed in East Germany is deployed at other locations in the Satellites as well as in the USSR, a detailed collection guide on the system is being prepared by I/GM at the specific request of DD/P.

5. In conjunction with the ORR Staff, I/GM reviewed and prepared comments for the signature of AD/NE on a draft review of the Soviet ICBM program prepared by [REDACTED]

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6. The four members of I/GM detailed to [REDACTED] have made considerable progress during the past month on the organizational and preparatory aspects of the project. Activity to date has been concerned principally with the establishment of indexed files and graphic aids relating to specific guided missile targets, principally in the field of deployment. The senior ORR member of the Project, [REDACTED] has been appointed CIA representative on a special ad hoc GMAIC working group on guided missile production.

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7. The OOR contribution to NIE 11-8-59, Soviet Capabilities for Strategic Attack through Mid-1964, was completed and forwarded during July. The I/AM portion of this paper reviewed the past and estimated the most probable future long-range bomber production programs of the USSR. The I/CM portion analyzed several strategic objectives and associated guided missile production and deployment programs which the USSR might consider during the period. The I/ME portion estimated the past and future military expenditures associated with the most probable Soviet long-range attack programs; the effects of certain alternative programs on these expenditures were also considered. It was concluded that a Soviet policy of deliberate surprise attack against Western retaliatory forces with ICBM at anytime through mid-1964 would require an unreasonably large military and industrial effort by the USSR and that Soviet policy would therefore be to build as rapidly as possible a large deterrent ICBM force with a limited pre-emptive attack capability. The contribution has been generally well received and has already led to a request from the Board of National Estimates for additional information on the rationale for OOR's selection of the most probable Soviet ICBM force through 1964 and a further estimate of its attack capabilities.

8. The following statistical summary of the activities from April through June of [REDACTED], the special Office of Operations project directed primarily at collection of observational guided missile information, has been provided by [REDACTED] 25X1A8a from the nine Field Offices participating in the project:

Source Leads Checked	2325
Preliminary Source Assessments	461
Final Source Assessments	97
Sources Accepted by Headquarters	42
Sources Accepted Conditionally	7
Sources Rejected by Headquarters	48

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During July, 12 additional [REDACTED] sources were accepted, bringing the total to 54. In addition, Geography Division, OOR, prepared 5 Tourist Objective briefs for the project, bringing the total to date to 14, and the Industrial Register, OOR, prepared 4 additional annotated town plans, for a total to date of 12. Although it is too early to judge the potential of the project, the limited returns received to date have been generally encouraging.

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B. USIB Committees

Committee on Exchanges:

9. Various branches of the Division prepared comments on the value to the U.S. of a proposed Industrial Management Exchange. Division consensus was that such an exchange might be of greater net value to the USSR than to the U.S.

10. Nixon Visit: The Division provided extensive briefing and other support for the visit of Vice President Nixon and party to the Soviet Union, including oral briefings of individual members as well as written briefs on important industrial installations in five cities on the itinerary. In addition, biographic information on leading officials in these installations as well as certain guided missile personality information was provided. A special brief was prepared by I/PE for Admiral Rickover on compressors for gaseous diffusion plants which was submitted to NSC/OSI. I/CM prepared a brief guide for elicitation of priority missile information in high-level discussions and reviewed briefing materials which had been prepared by the Air Force.

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12. Chief and [redacted] I/PE met with representatives of the State Department and the Machine Tool Distributors' Association to discuss the proposed machine tool exchange.

13. I/EE has conducted preliminary informal discussions with the USIB Committee on Exchanges and other interested DD/I components in connection with the detailed Soviet proposal for an exchange in the field of radio relay systems. It seems highly probable that this proposal will become an agenda item for the next meeting of the Electronics and Telecommunications Subcommittee of the EIC.

GMAIC:

14. Support to GMAIC in connection with NIE 11-5-59, Soviet Capabilities in Guided Missiles and Space Vehicles included participation by various I/CM members in GMAIC meetings considering drafts

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of portions of the estimate prepared by the military services; preparation of a statement on Soviet ICBM production for inclusion in a CIA footnote to the current GMAIC draft; and preparation of an ORR contribution of limited scope, estimating the present status of Soviet missile production programs and analyzing some of the general factors affecting Soviet capabilities to produce and deploy operational missile systems. The latter contribution, which will be coordinated with the Air Force, will be completed and forwarded in the next few days.

**C. Other Support:**

15. Chief, D/I and Chief, I/CM, together with the DD/I, DAD/RA, Chief, ERA and other DD/I personnel, met with General Sanford, Director, NSA and members of his staff. At this meeting, NSA stated that it was unable to comply with CIA's request for expanded coverage

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the next year.

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16. Chief, D/I attended a debriefing of [redacted] during who served as interpreter for [redacted] recent tour of the USSR. [redacted] is currently writing a six part diary which he will turn over to the [redacted] for publication as [redacted]

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17. Chief, D/I was contacted twice during the month by Governor Harriman's office in New York regarding a clarification of data which had been presented to Harriman and [redacted] during their recent visit to the USSR. Readily available unclassified information which had appeared in official Soviet announcements was provided to Mr. Harriman.

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18. Deputy Chief, D/I addressed the Strategic Intelligence School on the strategic intelligence process.

19. Chief, I/ME discussed with members of the Institute of Defense Analysis (IDA) the goals and methodology of the Weapons Systems Evaluation Group's (WSEG) project to set U.S. defense expenditures up on a program basis.

20. Members of I/ME rendered support to other governmental agencies as follows: [redacted] provided information to Navy and Commerce on the availability of anti-friction bearings in the Sino-Soviet Bloc. [redacted] was consulted by both Commerce and Defense for his views on licensing exports of certain types of machine tools, and he participated in a session of a Technical Task Group on machine tools at the Department of Commerce.

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25X1A9a 21. Inter-agency contacts of I/EE included a visit by [REDACTED] to the Tactical Air Command at Langley Air Force Base for discussions on air defense data transmission systems. Also, I/EE was visited by Col. August of AFCIN PC2 for discussions on projections of Soviet air defense radars, and by personnel of SAC for further discussions on Soviet radar OB. Messrs. Riddle and Smith of RPA/Singer Military Products Division who are engaged in projects for the Army Security Agency visited I/EE to inform the branch of some [REDACTED]

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25X1A9a 22. As a result of earlier discussions with ATIC officials, [REDACTED] I/EE drew up and forwarded a set of information requirements according to which ATIC will proceed to construct estimated technical descriptions of equipments used in the [REDACTED] 25X1D2a The results of the ATIC work will be used by I/EE to assist in costing Soviet air defense.

25X1A5a1 23. [REDACTED] spent several days in consultation with I/AR.

25X1A9a 24. I/GM briefed [REDACTED] 25X1X7 the unified NORAD intelligence structure. [REDACTED] discussed 25X1A9a with him some of the kinds of economic analysis of the Soviet guided missile production and deployment program being performed in OHR, together with our general conclusions on the status of 25X1A9a the program. [REDACTED] reviewed for [REDACTED] current evidence 25X1A9a of specific Soviet missile activities.

25. Chief, I/GM participated in a special trip arranged by General Barnes, OHR, to Headquarters, Strategic Air Command to discuss, in the context of MIE 11-8-59, a number of aspects of SAC's planning for operational ICBM launch facilities.

## II. Changes in Estimates:

26. Additional information regarding BISON production caused a slight upward revision in I/AR's estimate for the past six months. Whereas the change alone is minor, there is the possibility that production of BISON is being continued at a low rate.

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III. Future Plans:

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IV. Problems:

28. No significant problems were encountered during the month.

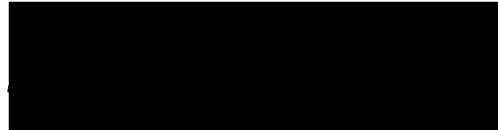
V. Other:

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25X1A9a 29. [redacted], I/AR, traveled to New York to inspect the Soviet Tu-114 turboprop transport. [redacted] 25X1A9a I/EE, visited the displays of electronic equipment at the Soviet Exhibit.

30. Final approval was received from AD/EE to implement I/CM's reorganization and augmentation proposal. The reorganization of the branch is now being carried out.

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Distribution:

- Orig. and 1 - Addressee
- 1 - Each D/I Branch
- 1 - D/I Chrono

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ORR:D/I [redacted] sjs/2345 (5 August 1959)

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